

SAUDI CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023
WITH
INDEPENDENT AUDITOR'S REVIEW REPORT**

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023**

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KPMG Professional Services

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Commercial Registration No 2051062328

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرغش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخبر ٣١٤٦ - ٣٤٤١٢
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Saudi Cement Company

Introduction

We have reviewed the accompanying 30 June 2023 condensed consolidated interim financial statements of **Saudi Cement Company** ("the Company") and its subsidiary ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 June 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2023;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2023;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2023; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR 40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠٠٠٠٠٠٠٠) ريال سعودي مطروح بالكامل. المسماة سابقاً شركة كي بي إم جي الفوزان وشركاه، محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المسجلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

	Note	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,059,880	2,137,937
Right-of-use assets		16,382	18,849
Intangible assets		11,175	11,462
Investment in an associate	5	46,554	46,494
Equity investment designated at fair value through other comprehensive income (FVOCI)		-	3,187
Total non-current assets		2,133,991	2,217,929
Current assets			
Inventories		554,764	552,178
Trade receivables		387,282	380,026
Prepayments and other current assets		32,754	35,992
Cash and cash equivalents	6	143,754	91,476
Total current assets		1,118,554	1,059,672
Total Assets		3,252,545	3,277,601
EQUITY AND LIABILITIES			
Equity			
Share capital	7	1,530,000	1,530,000
Statutory reserve		459,000	459,000
Fair value reserve		-	327
Retained earnings		15,607	303,635
Total equity		2,004,607	2,292,962
Liabilities			
Non-current liabilities			
Employees' benefits		107,471	106,248
Lease liabilities		16,638	16,634
Provision for site restoration	17	2,946	-
Total non-current liabilities		127,055	122,882
Current liabilities			
Lease liabilities – current portion		2,290	6,071
Short term loans	8	600,000	325,000
Trade payables		39,474	134,116
Dividend payable	15	239,102	238,174
Accruals and other current liabilities		227,535	138,245
Provision for Zakat	9	12,482	20,151
Total current liabilities		1,120,883	861,757
Total Liabilities		1,247,938	984,639
Total Equity and Liabilities		3,252,545	3,277,601


Designated Member / CEO
Mohammed A. AlGarni


Finance Manager
Evan Abaza

The accompanying notes from 1 to 19 on pages 5 to 13 form an integral part of these condensed consolidated interim financial statements.

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

For the three month and six month periods ended 30 June 2023

(Expressed in Saudi Riyals in thousands, unless otherwise stated)

	Note	Three-month period ended		Six-month period ended	
		30 June 2023 (Un-Audited)	30 June 2022 (Un-Audited)	30 June 2023 (Un-Audited)	30 June 2022 (Un-Audited)
Revenue	10	356,262	348,974	765,888	664,033
Cost of revenue		(211,186)	(203,002)	(445,036)	(417,325)
Gross Profit		145,076	145,972	320,852	246,708
Selling and distribution expenses		(32,245)	(25,475)	(65,313)	(47,117)
General and administrative expenses		(19,086)	(17,552)	(38,051)	(36,571)
Operating profit		93,745	102,945	217,488	163,020
Other income		3,338	5,461	3,992	11,202
Gain on sale of investment		-	-	8,842	-
Share of profit of investment in an associate		17	2,246	143	4,610
Finance charges		(7,415)	(3,617)	(12,487)	(5,169)
Profit before Zakat		89,685	107,035	217,978	173,663
Zakat expense	9	(4,500)	(4,500)	(9,000)	(10,000)
Profit for the period		85,185	102,535	208,978	163,663
Other comprehensive income					
<i>Item that will not be reclassified to the condensed consolidated statement of profit or loss in subsequent periods:</i>					
Share of other comprehensive loss of investment in an associate		-	-	(83)	(59)
Fair value change in equity investment designated at FVOCI		-	(207)	-	(207)
Total other comprehensive loss		-	(207)	(83)	(266)
Total comprehensive income for the period		85,185	102,328	208,895	163,397
Earnings per share:					
		SR	SR	SR	SR
Basic and diluted earnings per share attributable to the shareholders of the Company	16	0.56	0.67	1.37	1.07


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SAUDI CEMENT COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 June 2023
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

	Attributable to shareholders of the Company				
	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2022 (Audited)	1,530,000	459,000	673	443,619	2,433,292
<i>Total comprehensive income for the period</i>					
Profit for the period	-	-	-	163,663	163,663
Other comprehensive loss	-	-	(207)	(59)	(266)
Total comprehensive income for the period	-	-	(207)	163,604	163,397
Dividends (note 15)	-	-	-	(535,500)	(535,500)
Balance at 30 June 2022 (Un-Audited)	1,530,000	459,000	466	71,723	2,061,189
Balance at 1 January 2023 (Audited)	1,530,000	459,000	327	303,635	2,292,962
<i>Total comprehensive income for the period</i>					
Profit for the period	-	-	-	208,978	208,978
Transfers	-	-	(327)	327	-
Other comprehensive loss	-	-	-	(83)	(83)
Total comprehensive income for the period	-	-	(327)	209,222	208,895
Dividends (note 15)	-	-	-	(497,250)	(497,250)
Balance at 30 June 2023 (Un-Audited)	1,530,000	459,000	-	15,607	2,004,607


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SAUDI CEMENT COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six month period ended 30 June 2023
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

	<u>Note</u>	<u>30 June 2023 (Un-Audited)</u>	<u>30 June 2022 (Un-Audited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		208,978	163,663
Adjustments for:			
Depreciation - property, plant and equipment	4	106,664	108,989
Depreciation - right-of-use assets		2,467	3,692
Amortization - intangible assets		287	1,871
Share of profit of investment in an associate		(143)	(4,610)
Zakat expense		9,000	10,000
Provision for employees' benefits		5,225	4,778
Finance charges		12,487	5,169
Gain on sale of FVOCI investment		(8,842)	-
Provision for site restoration		2,946	-
Gain on disposal of property, plant and equipment		(23)	-
Provision for slow moving and obsolete inventories		209	-
Provision for allowance for expected credit losses		178	-
		<u>339,433</u>	<u>293,552</u>
Changes in:			
Inventories		(2,795)	(27,965)
Trade receivables		(7,434)	(27,695)
Prepayments and other current assets		3,238	(9,237)
Trade payables		(94,642)	(29,617)
Accruals and other current liabilities		89,290	53,862
Retention payable		-	(1,400)
Cash generated from operating activities		<u>327,090</u>	<u>251,500</u>
Finance charges paid		(12,008)	(4,698)
Zakat paid		(16,669)	(17,011)
Employees' benefits paid		(4,002)	(6,008)
Net cash from operating activities		<u>294,411</u>	<u>223,783</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(28,608)	(43,038)
Proceeds from sale of property, plant and equipment		24	-
Proceeds from sale of FVOCI investment		12,029	-
Net cash used in investing activities		<u>(16,555)</u>	<u>(43,038)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(4,256)	(4,799)
Proceeds from short term loans		450,000	450,000
Repayment of short term loans		(175,000)	(100,000)
Dividend paid		(496,322)	(527,586)
Net cash used in financing activities		<u>(225,578)</u>	<u>(182,385)</u>
Net change in cash and cash equivalents		52,278	(1,640)
Cash and cash equivalents at the beginning of the period		91,476	81,496
Cash and cash equivalents at the end of the period		<u>143,754</u>	<u>79,856</u>


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SAUDI CEMENT COMPANY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month and six month periods ended 30 June 2023
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

1 CORPORATE INFORMATION

Saudi Cement Company ("the Company") is a Saudi Joint Stock Company incorporated under Royal Decree number 6/6/10/726 dated 8 Rabi' II 1375 H (corresponding to 23 November 1955) and registered in the Kingdom of Saudi Arabia, in the city of Dammam under Commercial Registration number 2050000602 dated 6 Dhul Qadah 1377 H (corresponding to 24 May 1958). The Company is engaged in manufacturing and selling cement and its related products.

The Company obtained under the Royal Decree number 10/6/6/8500 dated 26 Rajab 1370H corresponding to 3 May 1951, the right of the mining concession for the extraction of limestone, gypsum and clay and all the necessary materials for the manufacture of cement in Al Hassa for 30 years period.

Thereafter, the Company obtained the licenses for the existing quarries under the Royal Decree number M/11 dated 29/04/1405H (corresponding to 22/01/1985) which gives mining concession for the extraction of limestone, gypsum and clay and all the necessary materials for the manufacture of cement for 30 years period.

In the year 1985, a Saudi Bahraini Company obtained the right of the mining concession for the extraction of limestone, gypsum and clay under the Royal Decree number M/12 dated 29/04/1405H (corresponding to 22/01/1985) which was merged with the Saudi Cement Company in 1990. Accordingly, the Ministry of Petroleum and Mineral Resources resolved on 04/01/1412H (corresponding to 15/07/1991) to transfer all quarries and related licenses of Saudi Bahraini Company to the Saudi Cement Company.

In the year 2020, all of the above licenses which have been issued under the Royal Decree numbers M/11 and M/12 dated 29/04/1405H (corresponding to 22/01/1985) were renewed by the Ministry of Industry and Mineral Resources for a period of 30 years started from 29/4/1435 H (corresponding to 01 March 2014) except quarry license for Aba Hamama area in Al-Ahsa region which has been renewed for 10 years started from 11/12/1441 (corresponding to 01 August 2020).

The accompanying condensed consolidated interim financial statements includes the activities of the Company and its following subsidiary (collectively referred to as "the Group")

Name	Country of incorporation	Percentage of holding	
		30 June 2023 (Un-Audited)	31 December 2022 (Audited)
United Cement Company W.L.L	Kingdom of Bahrain	100%	100%

United Cement Company W.L.L. (UCC) is a limited liability company incorporated in the Kingdom of Bahrain on 15 March 1989 with the Ministry of Industry, Commerce and Tourism under commercial registration number 20906.

The principal activities of UCC include import, export and sale of cement in different forms. The registered office of UCC is situated at Mina Salman Industrial Area, P.O. Box 26719, Mina Salman Industrial Area, Kingdom of Bahrain.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the By-Laws to the provisions of the Law.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as endorsed in Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month and six month periods ended 30 June 2023
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Statement of compliance (Continued)

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022 ("Last Annual Financial Statements"). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The results for the interim periods are unaudited, hence interim results may not be an indicator for the full year results.

2.2 Basis of preparation

These condensed consolidated interim financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for certain employees' benefits which are measured at present value of the defined benefit obligation using the projected unit credit method and equity investment designated at FVOCI which is measured at fair value.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR) which is the Company's functional and Group's presentation currency.

2.4 Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

2.5 Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2022.

2.6 Basis of consolidation

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting right.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

SAUDI CEMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month and six month periods ended 30 June 2023

(Expressed in Saudi Riyals in thousands, unless otherwise stated)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Basis of consolidation (Continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3 NEW STANDARDS, AMENDMENTS AND INTERPRETATION

a) New and revised standards with no material effect on the condensed consolidated interim financial statements

Following are the recent changes to IFRSs that are required to be adopted in annual periods beginning on 1 January 2023:

- IFRS 17 insurance contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimate (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes;

The application of the revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

b) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024
- Lease liabilities in a Sale and Leaseback (Amendments to IFRS 16), effective for annual periods beginning on or after 1 January 2024.
- Non-current Liabilities with Covenants (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), effective date yet to be determined.

The above-mentioned standards are not expected to have a significant impact on the Group's condensed consolidated interim financial statements.

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month and six month periods ended 30 June 2023
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

4 PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment is as follows:

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Carrying value at the beginning of the period / year	2,137,937	2,283,292
Additions	28,608	74,718
Disposals, net of accumulated depreciation	(1)	(31)
Depreciation for the period / year	(106,664)	(220,042)
Carrying value at the end of the period / year	2,059,880	2,137,937

Property, plant and equipment includes construction work in progress which majorly represents the ongoing construction work of a bulk railway loading facility and its railway link (collectively referred to as "the railway project") and other construction projects. In March 2022, the Group received an offer letter for additional cost of SR 7.50 million to complete the project. As at period ended 30 June 2023, majority of the project work has been completed and final connection is remaining.

5 INVESTMENT IN AN ASSOCIATE

Investment in an associate represents 33.33% share in Cement Product Industry Company Limited (CPI). CPI is a limited liability company registered and operating in the Kingdom of Saudi Arabia. The company is engaged in the manufacturing of cement derivative products and other products necessary for manufacturing and packing cement.

6 CASH AND CASH EQUIVALENTS

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Cash at banks	133,531	91,206
Cash in hand	223	270
Murabaha investments	10,000	-
	143,754	91,476

Murabaha investments represent placements with banks having original maturity of less than three months and carry profits at commercial rates.

7 SHARE CAPITAL

The authorized, issued and paid up capital of the Company is SR 1,530 million which is divided into 153 million shares (31 December 2022: 153 million shares) of SR 10 each.

8 SHORT TERM LOANS

Short term loans represent Tawarruq facilities obtained from various local banks to meet the working capital requirements with a total facility limit amount of SR 2,000 million (31 December 2022: SR 2,000 million). The utilized balance as of 30 June 2023 amounted to SR 600 million (31 December 2022: SR 325 million). These facilities carry financial costs in excess of SIBOR and are consistent with the terms of each facility agreement that are secured by promissory notes issued by the Group and carry charges agreed with the facilities' providers.

The outstanding financing is classified under current liabilities in the condensed consolidated statement of financial position as these are repayable within 12 months from the reporting date.

9 ZAKAT

The Company has submitted its zakat returns up to year ended 31 December 2022, settled zakat as per the returns and obtained the required certificates and official receipts. The Company received a final zakat assessment from Zakat, Tax and Customs Authority ("ZATCA") up to year 2020 which has been settled. However, the final assessment for the year 2021 & 2022 is still under review by ZATCA.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month and six month periods ended 30 June 2023
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

10 REVENUE

The Company generates revenue primarily from the sale of cement and clinker.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market and major products. Revenue is recognised at point in time for all products.

	30 June 2023 (Un-Audited)	30 June 2022 (Un-Audited)
Primary geographic markets		
Local	506,741	538,843
Export	259,147	125,190
	<u>765,888</u>	<u>664,033</u>
Major product types		
Cement	653,197	561,823
Clinker	112,691	102,210
	<u>765,888</u>	<u>664,033</u>

The following table provides information about trade receivables and advance from customers.

	30 June 2023 (Un-Audited)	31 December 2022 (Audited)
Trade receivables	387,282	380,026
Contract liabilities*	16,997	20,326

* Contract liabilities represent advance consideration received from customers for the products to be sold, for which revenue is recognized at point in time. This will be recognized as revenue when the Group deliver the products to the customers and their balances for advances are settled with the revenue made.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month and six month periods ended 30 June 2023
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

11 RELATED PARTY TRANSACTIONS AND BALANCES

The following table provides the total amount of transactions that have been entered into with related parties during the six-month period ended 30 June 2023 and 30 June 2022 and related parties balances as at 30 June 2023 and 31 December 2022.

Related party	Relationship	Nature of transaction	Six-month period		Ending balance		
			Amount of transaction		30 June	31 December	
			30 June 2023	30 June 2022	2023	2022	
				(Un-Audited)	(Un-Audited)	(Un-Audited)	(Audited)
Cement Product Industry Company Limited	Associate	Purchases of raw materials	23,808	19,816	457	-	
Wataniya Insurance Company	Common directorship	Insurance of property, plant and equipment	7,873	7,478	13	9	

Terms and conditions of transactions with related parties

Transactions with related parties are made in the ordinary course of business. Outstanding balances at the period ended 30 June 2023 and the year ended 31 December 2022 are unsecured and settled in cash. There have been no guarantees provided to amounts due to related parties.

Prices and terms for the above transactions are approved by the Group's management.

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12 COMMITMENTS

- a) As of 30 June 2023, the capital expenditure contracted by the Company but not incurred was approximately SR 38.48 million (31 December 2022: SR 20.90 million).
- b) The Company's bankers have given guarantees, on behalf of the Company amounted to SR 82.89 million (31 December 2022: SR 89.60 million).
- c) UCC's bankers have issued guarantees, on behalf of UCC, in favour of various suppliers against purchase and services obtained in the normal course of business amounted to SR 2.52 million (31 December 2022: SR 17.24 million).

13 SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Group's operations are related to two operating geographical segments which are Saudi Cement Company operating in the Kingdom of Saudi Arabia and United Cement Company operating in Kingdom of Bahrain. Both segments are engaged in cement manufacturing which is sold to local and foreign customers. Accordingly, segment analysis by geography are presented as follows:

	Kingdom of Saudi Arabia	Kingdom of Bahrain	Elimination	Total
For the six-month period ended 30 June 2023 (Un-Audited)				
External revenue	745,930	19,958	-	765,888
Inter-segment revenue	10,760	-	(10,760)	-
Total revenue	756,690	19,958	(10,760)	765,888
Cost of revenue	(433,188)	(22,608)	10,760	(445,036)
Profit for the period	208,978	3,391	(3,391)	208,978
Finance charges	(12,383)	(104)	-	(12,487)
Depreciation	(102,982)	(3,682)	-	(106,664)
Depreciation – right-of-use assets	(2,417)	(50)	-	(2,467)
Amortization – intangible assets	(287)	-	-	(287)
Share of profit of investment in an associate	143	-	-	143
Zakat expense	(9,000)	-	-	(9,000)
For the six-month period ended 30 June 2022 (Un-audited)				
External revenue	630,414	33,619	-	664,033
Inter-segment revenue	20,296	-	(20,296)	-
Total revenue	650,710	33,619	(20,296)	664,033
Cost of revenue	(404,331)	(33,290)	20,296	(417,325)
Profit / (loss) for the period	163,751	(2,161)	2,073	163,663
Finance charges	(5,030)	(139)	-	(5,169)
Depreciation	(105,927)	(2,575)	(487)	(108,989)
Depreciation – right-of-use assets	(3,520)	(172)	-	(3,692)
Amortization – intangible assets	(1,871)	-	-	(1,871)
Share of profit of investment in an associate	4,610	-	-	4,610
Zakat expense	(10,000)	-	-	(10,000)

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13 SEGMENT INFORMATION (CONTINUED)

	Kingdom of Saudi Arabia	Kingdom of Bahrain	Elimination	Total
As at 30 June 2023 (Un-Audited)				
Total assets	3,243,085	55,384	(45,924)	3,252,545
Total liabilities	1,236,146	16,955	(5,163)	1,247,938
As at 31 December 2022 (Audited)				
Total assets	3,268,864	61,006	(52,269)	3,277,601
Total liabilities	972,597	25,962	(13,920)	984,639

14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorized within the fair value hierarchy.

This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. As of 31 December 2022, the Group's equity investment designated at FVOCI was determined at level 3 of the fair value hierarchy. The carrying values of other financial assets and liabilities in the condensed consolidated interim statement of financial position approximate to their fair values.

15 DIVIDENDS

On 22 Ramadan 1444H (corresponding to 13 April 2023), the General Assembly approved the Board of Directors' resolution to distribute cash dividend amounted to SR 1.75 per share (SR 267.75 million in total) for the second half of 2022 and SR 1.50 per share (SR 229.50 million in total) for the first half of 2022.

On 22 Ramadan 1444H (corresponding to 13 April 2023), the General Assembly authorized the Board of Directors to distribute interim cash dividend. Accordingly, on 18 Dhu al-Qa'dah 1444 (07 June 2023), the Board of Directors has resolved to distribute interim cash dividend amounting to SR 1.50 per share (SR 229.50 million in total) for the first half of 2023. Payment of this dividend distribution was commenced on 02 Dhul-Hijjah 1444 (20 June 2023).

On 09 Ramadan 1443H (corresponding to 10 April 2022), the General Assembly approved the Board of Directors' proposal to distribute cash dividend amounting to SR 2 per share (SR 306 million in total) for the second half of 2021 and SR 1.50 per share (SR 229.50 million in total) for the first half of 2021.

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15 DIVIDENDS (CONTINUED)

Dividend payable as at 30 June 2023 amounted to SR 239.10 million (31 December 2022: SR 238.17 million) represents unclaimed dividend for prior years.

16 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

The following reflects the profit and share capital data used in the basic and diluted earnings per share computations:

	Three-month period ended		Six-month period ended	
	30 June 2023 (Un-Audited)	30 June 2022 (Un-Audited)	30 June 2023 (Un-Audited)	30 June 2022 (Un-Audited)
Profit attributable to equity holders	85,185	102,535	208,978	163,663
Number of shares outstanding in '000	153,000	153,000	153,000	153,000
Earnings per share in SR	0.56	0.67	1.37	1.07

There has been no item of dilution affecting the weighted average number of ordinary shares.

17 PROVISION FOR SITE RESTORATION

The Group recognised provision for site restoration amounting to SR 2.95 million (31 December 2022: Nil). The estimated amount is recognized by discounted to its present value and charged to cost of revenue.

18 EVENTS AFTER THE REPORTING DATE

There have been no significant subsequent events since the period ended 30 June 2023 till the date of authorization for issuance and approval of these condensed consolidated interim financial statements by the Board of Directors that require either an adjustment or disclosure in these condensed consolidated interim financial statements.

19 APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were authorized for issue and approved by the Board of Directors on 7 August 2023 G corresponding to 20 Muharram 1445 H.